

U.S. SMALL BUSINESS ADMINISTRATION
Office of Minority Enterprise Development
409 Third Street, S.W.
Washington, DC 20416

A Report To The U.S. Congress
On
Minority Small Business and Capital Ownership Development
For Fiscal Year 1998

As Required By
The Business Opportunity Development Reform Act of 1988

Submitted By
The Administrator
U.S. Small Business Administration

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EXECUTIVE SUMMARY

This is the report on the Minority Enterprise Development Program as required by the Business Opportunity Development Reform Act of 1988, [15 U.S.C. 636(j) 16(A) & (B)]. The purpose of this review is to determine and quantify the extent to which the 8(a) program has assisted in the development of firms owned and controlled by socially and economically disadvantaged individuals.

The act requires the Small Business Administration (SBA) to analyze the accomplishments of businesses certified to participate in the 8(a) program during fiscal year 1998 and the status of the 1216 business concerns that completed their 8(a) program term during fiscal years 1996, 1997 and 1998. Those findings are summarized in this report.

Fiscal year 1998 marked the 30th year of the SBA's 8(a) Minority Enterprise Development program. During fiscal year 1998, a total of 6,078 businesses participated in the 8(a) Program. These firms contributed an estimated 180,922 jobs to the nation's growing economy and billions of dollars of federal and state revenues. Between October 1, 1997, and September 30, 1998, a total of 557 new firms were certified to participate in the program.

During fiscal year 1998, \$6.4 billion of contract actions and modifications to existing contracts were awarded under the 8(a) program, of which, \$5.0 billion of new contracts and modifications were awarded to active 8(a) firms. There were 26,961 contract actions averaging \$191,386 per contract action. The five largest areas of contracting activity were Design/Development Test Services (SIC Code 8711), General Contractors (SIC code 1542), Management Consulting Services (SIC code 8742), Computer Integrated System Design (SIC code 7373), and Computer Programming Services (SIC code 7371).

Year-end financial statements submitted by the firms participating in the 8(a) program during fiscal year 1998 reported total revenues exceeding \$14.2 billion. Total 8(a) revenue exceeded \$5.0 billion or 35.1 percent of firms' total revenue.

In order to assess the current business status of firms that graduated from the 8(a) program in the past three years, the SBA surveyed 1,216 firms who completed their 8 (a) program term between October 1, 1995, and September 30, 1998. Of the 1,216 firms surveyed: 661 or 54 percent were independently operational, 19 or 1.6 percent had substantially curtailed operations, 27 or 2.2 percent had been acquired by other firms owned and controlled by non-disadvantaged individuals, 187 or 15.4 percent had ceased business operations, and 322 or 26.5 percent failed to respond to SBA's survey.

The total annual revenue of graduated firms with reported earnings was more than \$2.9 billion. The average revenue for these firms was approximately \$13.6 million and provided employment for approximately 15,721 persons.

PROGRAM INITIATIVES

MINORITY ENTERPRISE DEVELOPMENT PROGRAM

Mission: The mission of SBA's Minority Enterprise Development (MED) program is to assist in the business development and economic stability of small businesses owned and controlled by socially and economically disadvantaged individuals, economically disadvantaged Indian tribes (including Alaska Native Corporations), economically disadvantaged Native Hawaiian Organizations and Community Development Corporations. It is essential to the viability of the national economy that SBA provides these concerns proficient and expansive business development resources and contracting opportunities. MED fulfills this mission by providing a menu of business development resources such as marketing, managerial, technical, financial and procurement assistance. This assistance is provided through two principal MED programs: (a) Business Development, and (b) Management and Technical Assistance.

Business Development: Through award of sole-source and limited-competition contracts, pursuant to Section 8(a) of the Small Business Act, MED provides a logical, systematic approach to market access and enterprise growth to small businesses owned and controlled by socially and economically disadvantaged individuals. The program design promotes competitive development over a 9-year period. Each participant's progress is monitored and measured, and its developmental needs are identified through annual reviews of business plans.

Management and Technical Assistance: Under Section 7(j) of the Small Business Act, MED provides the following services to eligible firms: specialized training, professional consultant assistance, and high-level executive development. Assistance is provided to 8(a) program participants, as well as to other small disadvantaged businesses, low-income entrepreneurs, and small businesses in labor-surplus areas or areas with a high proportion of low-income individuals.

MAJOR AREAS OF REFORM

Our main challenge continues to be the re-design of the 8(a) Business Development program in providing 21st century business development resources and service. To this end, we are developing and testing a menu of new program services and will soon apply new strategies to assist minorities, women, and the physically challenged individuals with Federal contracting opportunities.

Our new initiatives address six major areas for reform during FY 99. These are:

1. Transform the 8(a) Business Development program into a member service organization.
2. Increase business development education & outreach.
3. Separate the eligibility, certification, and continuing eligibility functions from business development functions, and enhance the business-counseling role of our Business Opportunity Specialists (BOS).
4. Delegate contract authority governing offer and acceptance and grant 8(a) "goals" credit to agencies under Federal Supply Schedules, Government-Wide Agency Contracting and Multiple Award Schedules.
5. Make subcontracting assistance a first tier service offered to 8(a) firms.
6. Increase the federal prime contracts market share of the 8(a) program.

PROGRAM ACCOMPLISHMENTS

During FY 1998, MED continued to reengineer the 8(a) Business Development program. In order to provide proficient and modern business development resources for program participants, MED continued to improve its current objectives and initiated several new processes that will provide beneficial opportunities for 8(a) program participants.

The following accomplishments were achieved in FY 1998:

1. **8(a) Application Processing Time:** Improvements on current objectives include maximizing the efficiency and average processing time for 8(a) applications. In FY 1998, the application process time was reduced from 69 days in FY 1997, to 45 days. At the same time, the average processing time of requests for reconsideration was reduced from 45 days in FY 1997 to 38 days for FY 1998. It is anticipated that a new 8(a) easy application, currently under development, will assist specific applicants with the burdens of 8(a) documentation requirements and reduce the processing time to 30 days or less.
2. **8(a) Easy Electronic Application Development:** In FY 1998, MED completed the first phase of the Easy electronic 8(a) application project. Based on the public's preference of an Easy 8(a) electronic application process, MED has moved on to test a number of models. The second phase of the Easy 8(a) application project includes software development and the development of an expert system for software-assisted analysis of 8(a) applications. When this phase is completed in January 2000, the electronic applications will be available for corporations, sole proprietorships, partnerships, Alaska Native Corporations, concerns owned by Indian Tribes, Community Development Corporations, and Native Hawaiian Organizations. Once completed, the 8(a) Easy application will provide a universal MED application tailored to the small single proprietor-owner applicant's needs and available through the Internet.
3. **National Performance Review:** To streamline the Federal procurement processes, during FY 1998, SBA expanded its "pilot" memorandum of understanding to delegate SBA's execution and administration of 8(a) contracting authority to federal agencies. Our objective was to make the 8(a) contracting process simpler, more timely, and more effective. In our view an expanded version of this authority that includes the role of "offer and Acceptance" under delegations to Federal agencies will make it more attractive for Federal buyers to use the 8(a) acquisition vehicle. We are also examining ways in which Federal agencies could claim "goal" credits whenever they select 8(a) firms through competitive contract methods.
4. **Needs Assessment Program:** This program is targeted to meet the needs of 8(a) firms in both the developmental and transitional stages of program participation. The objective of this program is to identify specific critical needs of 8(a) participants and develop individual assistance plans that will facilitate resources for these needs. The needs assessment program is currently under development and will be operation by FY 1999. The program will include an electronic and paper mechanism that will be utilized by MED field staff.

5. **Executive Education Program:** This program is targeted to meet the needs of firms participating in the 8(a) program as their businesses transform from sheltered competition to full unrestricted competition in Federal and commercial markets. In FY 1998, the CEOs of 418 8(a) firms participated in the SBA-sponsored Executive Education Programs. The Minority Business Executive Program and the Advanced Minority Business Executive Program at Dartmouth University assisted 107 8(a) executives, while the program at Clark/Atlanta University assisted 113 such executives. Additionally, the executive education programs at Howard University assisted 101 executives, Loyola University assisted 57 executives and the University of Texas El Paso assisted 40 executives.
6. **Regulations:** SBA issued its final regulations for the 8(a) Business Development program to implement the U.S. Department of Justice's proposal to change affirmative action programs in government. The new regulations were issued on June 30, 1998. These regulations encourage teaming and joint venture arrangements, marketing of non-8(a) contracting opportunities, improved business plans, diverse participation and certification, and delegation of contract administration.
7. **Mentor/Protégé and Business LINC Programs:** These new programs are designed to encourage large or small businesses (Mentors) to provide assistance to eligible 8(a) participants (Protégés). This assistance can include financing, equity investment, contracting, advice, networking and education. SBA is currently conducting a nationwide outreach program to educate potential Mentors and Protégés about the program and to coordinate business relationships. The Mentor-Protégé program will specifically allow approved Mentors to joint venture for the performance of a government contract, and provide 8(a) firms equity and/or financing and new access to non-8 (a) markets.

NET WORTH OF NEWLY CERTIFIED PROGRAM PARTICIPANTS

15 U.S.C. 636(j)(16)(B)(i)

... The Administrator shall submit a report to the Congress on the Program that shall include the following:

The average personal net worth of individuals who own and control concerns that were initially certified for participation in the Program during the immediately preceding fiscal year. The Administrator shall also indicate the dollar distribution of net worth, at \$50,000 increments, of all such individuals found to be socially and economically disadvantaged....

Total Personal Net Worth: The personal net worth is the net value of the assets of an individual remaining after total liabilities are deducted. During fiscal year 1998, 557 firms were initially certified to participate in the 8(a) program. Table I presents data on the personal net worth of the 635 individuals who used their eligibility to qualify these 557 firms (more than one individual may use status to qualify a single firm). Equity in the individual's primary residence and business are included when determining personal net worth. The average personal net worth of these individuals was \$164,955.

Individuals with a personal net worth ranging from less than zero dollars to \$50,000 constituted 23 percent of owners controlling firms that were certified; individuals with a personal net worth of \$50,001 to \$100,000 constituted 23 percent; and individuals with a personal net worth of \$100,001 to \$150,000 constituted 14 percent. Sixty percent of the individuals owning and controlling firms that were certified had a personal net worth ranging from less than zero dollars to \$150,000. (See Table I)

Adjusted Personal Net Worth: The adjusted personal net worth is defined as personal net worth less the individual's equity in his or her primary residence and the individual's ownership interest in the applicant concern. The average adjusted personal net worth of the individuals owning and controlling the firms initially certified during fiscal year 1997 was \$63,763.

Individuals with an adjusted personal net worth ranging from less than zero dollars to \$50,000 constituted 47 percent of owners controlling firms that were certified; individuals with an adjusted personal net worth of \$50,001 to \$100,000 constituted 25 percent; and individuals with an adjusted personal net worth of \$100,001 to \$150,000 constituted 13 percent. Eighty-five percent of the individuals owning and controlling firms that were certified had an adjusted personal net worth ranging from less than zero dollars to \$150,000. (See Table II)

TABLE I**Total Personal Net Worth of Individuals Owning and Controlling Firms Initially
Certified for 8(a) Program Participation in Fiscal Year 1998**

(October 1, 1997 through September 30, 1998)

Individual Net Worth (unadjusted) expressed in \$50,000 increments.

Dollar Range	Number in Range	Cumulative Total	Cumulative Percentage
(\$50,000) - \$0	11	11	1.73
\$1 - \$50,000	135	146	22.99
\$50,001 - \$100,000	148	294	46.30
\$100,001 - \$150,000	89	383	60.31
\$150,001 - \$200,000	88	471	74.17
\$200,001 - \$250,000	58	529	83.31
\$250,001 - \$300,000	36	565	88.98
\$300,001 - \$350,000	16	581	91.50
\$350,001 - \$400,000	12	593	93.39
\$400,001 - \$450,000	10	603	94.96
\$450,001 - \$500,000	6	609	95.91
\$500,001 - \$550,000	2	611	96.22
\$550,001 - \$600,000	2	613	96.54
\$600,001 - \$650,000	3	616	97.01
\$650,001 - \$700,000	3	619	97.48
\$750,001 - \$800,000	1	620	97.64
\$800,001 - \$850,000	2	622	97.95
\$900,001 - \$950,000	1	623	98.11
\$950,001 - \$1,000,000	2	625	98.43
\$1,000,001 - \$1,050,000	2	627	98.74
\$1,150,001 - \$1,200,000	2	629	99.06
\$1,200,001 - \$1,250,000	1	630	99.21
\$1,250,001 - \$1,300,000	1	631	99.37
\$1,300,001 - \$1,350,000	2	633	99.69
\$1,700,001 - \$1,750,000	1	634	99.84
\$2,100,001 - \$2,150,000	1	635	100.00

Range of Personal Net Worth.....(\$27,250) - \$2,113,780

Median Personal Net worth.....\$107,805

Average Personal Net Worth.....\$164,955

TABLE II

Total Adjusted Personal Net Worth of Individuals Owning and Controlling Firms Initially Certified for 8(a) Program Participation in Fiscal Year 1998

(October 1, 1997 through September 30, 1998)

Individual Net Worth (adjusted) expressed in \$50,000 increments.

Dollar Range	Number in Range	Cumulative Total	Cumulative Percentage
(\$450,000) - (\$400,001)	1	1	0.16
(\$200,000) - (\$150,001)	1	2	0.32
(\$150,000) - (\$100,001)	3	5	0.79
(\$100,000) - (\$50,001)	3	8	1.26
(\$50,000) - \$0	47	55	8.66
\$1 - \$50,000	246	301	47.40
\$50,001 - \$100,000	156	457	71.97
\$100,001 - \$150,000	83	540	85.04
\$150,001 - \$200,000	63	603	94.96
\$200,001 - \$250,000	32	635	100.00

Range of Personal Net Worth.....(\$413,114) - \$248,114

Median Personal Net worth.....\$53,500

Average Personal Net Worth.....\$69,382

II. BENEFITS AND COSTS OF THE 8(a) PROGRAM TO THE ECONOMY

15 U.S.C. 636(j)(16)(B)(ii)

... The Administrator shall submit a report to the Congress on the Program that shall include the following:

A description and estimate of the benefits and costs that have accrued to the economy and the Government in the immediately preceding fiscal year due to the operations of those business concerns that were performing contracts awarded pursuant to section 637(a) of this title.

During fiscal year 1998, a total of 6,078 concerns participated in the 8(a) program. This figure includes all firms that entered and exited the program throughout the year. Field offices reported that these firms provided employment for more than 180,922 persons.

According to year-end financial statements submitted by participants in the program during the fiscal year ending September 30, 1998, total revenue (for firms reporting revenue) exceeded \$14.2 billion. Total 8(a) revenue was approximately \$5.0 billion, or 35.1 percent, of firms' total revenue. The balance of revenue for program participants, almost 65 percent, was earned from non-8(a) sources. This is consistent with Congressional intent to have participants rely on non-program sources of revenue in order to enhance post program survivability.

A. Benefits to the Economy and the Government

The most direct measure of benefits to the economy and to the Federal Government is through the market value of goods and services produced and the number and quality of jobs provided.

The following are areas in which 8(a) certified businesses are contributing to the gross domestic product, the Nation's tax base, employment, and the individual wealth and well-being of all Americans.

- (i) Long-term Business Development Efforts:** Since the inception of the 8(a) program (1968), approximately 505,647, 8(a) contract actions worth approximately \$76.8 billion were made. While these figures represent a very small percentage of total Federal procurement actions and dollars, they still signal significant success in including targeted businesses in the Federal market. This success has consequently enhanced participants' success in the commercial market.

- (ii) **Contracts and Services Performed:** During fiscal year 1998, new contract actions and modifications to existing contracts, with an estimated value of \$6.4 billion respectively, were awarded under the 8(a) program to both firms participating in the 8(a) program during fiscal year 1998 and firms that had exited the 8(a) program prior to fiscal year 1998. Of the \$6.4 billion total contracts and modifications with an estimated value of \$5.0 billion were made to current program participants. Contracts awarded to firms while they were active program participants may be modified subsequent to program exit. In FY 1997, the figure for new awards and modifications was \$6.3 billion.
- (iii) **Employment:** 8(a) firms provided employment for an estimated 180,922 persons during fiscal year 1998. The program is a source of employment in all states, Guam, Puerto Rico and the Virgin Islands.
- (iv) **Economic Status of Firm Owners:** Program participants are involved in all areas of community development and volunteer work. They contribute time and resources to improve their schools and neighborhoods, and provide jobs and educational opportunities for minority and disadvantaged youths. In the selection of program participants for annual national awards, much emphasis is placed on community involvement.
- (v) **Income Taxes Paid by Firms, Owners, and Employees:** Program participants contribute to the economy by paying city, state and Federal taxes. The employees of these firms also contribute to the tax base necessary to develop strong neighborhoods and communities.
- (vi) **The Economic Multiplier of Federal Contract Dollars:** The economic multiplier effect of companies performing Federal contracts provides a stimulus for community-based employment and business development.
- (vii) **Diversity and Ethnicity of Individuals Helped:** America is a Nation composed of ethnically diverse individuals. Historically, many disadvantaged businesses are owned by ethnically diverse individuals who have not had access to mainstream business development opportunities. The 8(a) program provides certified firms with opportunities to improve their ability to successfully compete in the Nation's marketplace.
- (viii) **Convenience of 8(a) Contracts to the Government:** The Government benefits from the convenience of contracting with a qualified cadre of small businesses that can provide a wide variety of superior goods and services.

B. Costs to the Government

The SBA's Office of Minority Enterprise Development has the primary responsibility within the Federal Government for the administration of the 8(a) program. The following is a summary of the administrative, financial assistance, and management and technical assistance costs of the 8(a) program during 1998:

(i) Program Administrative Costs \$3,878,870

Program administrative costs consist of personnel, travel, supplies, training and similar expenses.

Headquarters: The SBA's Congressional budget submission, SBA Budget Estimate Fiscal Year 1998," requested \$8,159,000 for the administration of the 8(a) program; \$4,217,336 were allotted, and \$3,878,870 were expended. The FY 1998 Congressional budget submission requested 59 full-time equivalents (FTE's); 53 FTE's were allotted; and 53 FTE's were used for Headquarters' operations.

Field Operations: It should be noted that in FY 1997, Agency field office program budgets were contained in the budget line item for "Field Operations." Of Field Operations' FY 1998 costs, \$14,800,335 were associated with MED operations, and 280 FTE's were held by MED staff. Accordingly, total resources aggregated \$18,679,205, and 333 FTE's.

(ii) Management and Technical Assistance \$1,829,000

Section 7(j) mandates that the SBA obtain and maintain a qualified cadre of individuals and organizations to provide assistance to socially and economically disadvantaged individuals. In FY 1997, 7(j) assistance was limited only to 8(a) program participants.

The Congressional budget submission requested \$2,600,000; \$2,650,000 was appropriated. Actual FY 1998 obligations aggregated to \$1,829,000.

(iii) Advance Payments

\$0

Advance payments are non-interest bearing loans made by the SBA to an 8(a) program participant in connection with the performance of a specific 8(a) contract to assist the firm in meeting the financial requirements of performing the contract. Since the Federal Credit Reform Act of 1990 (effective October 1, 1992), no advance payments have been processed or made by the SBA on 8(a) contracts.

III. EVALUATION OF FIRMS THAT EXITED THE 8(a) PROGRAM DURING FISCAL YEARS 1996, 1997 AND 1998

15 U.S.C. 636(j)(16)(B)(iii)

... The Administrator shall submit a report to the Congress on the Program that shall include the following:

A compilation and evaluation of those business concerns that have exited the Program during the immediately proceeding three fiscal years. Such compilation and evaluation shall detail the number of concerns actively engaged in business operations, those that have ceased or substantially curtailed such operations, including the reasons for such actions, and those concerns that have been acquired by other firms or organizations owned and controlled by other than socially and economically disadvantaged individuals. For those businesses that have continued operations after they exited from the Program, the Administrator shall also separately detail the benefits and costs that have accrued to the economy during the immediately preceding fiscal year due to the operations of such concern.

The U.S. Small Business Administration conducted a survey of the 1,216 firms that completed their 8(a) program term between October 1, 1995, and September 30, 1998. Of the 1,216 total, 661 were independently operational, 19 had substantially curtailed operations, 27 had been acquired by other firms owned and controlled by non-disadvantaged individuals, 187 had ceased business operations, and 322 did not respond to this survey. (See Table III)

The total annual revenue of all exited firms reporting was more than \$2.9 billion. The average revenue per reporting firm was approximately \$13.6 million. Firms exiting over the immediately proceeding 3 fiscal years provided employment for approximately 15,712 persons.

Improved program management and oversight resulted in an increase in the number of firms that were processed for program termination. During FY 1998, 255 firms were terminated from participation in the 8(a) program. Most were terminated due to their failure to comply with basic program reporting requirements. Additionally 124 firms withdrew voluntarily from 8(a) participation, many of which elected to voluntarily withdraw from the program, rather than challenge termination. These actions ensured that only firms eligible for the program received program benefits. Companies are terminated from the 8(a) program for various reasons, including failure to comply with program requirements. In addition, according to program regulations, companies that cease operations and fail to withdraw voluntarily are terminated.

The reasons that caused former 8(a) businesses to cease operations, like the reasons that cause any category of business to cease operations, are numerous and may include reduced Federal contracting opportunities; economic conditions; retirement, illness or death of the owner; a decision to sell the business or start a new business venture; or the pursuit of other professional interests.

When considering the number of former 8(a) companies that have ceased business operations, it should be noted that SBA publication “The State of Small Business” indicates that 79 percent of new businesses fail within 10 years. The former 8(a) participants evaluated below have been in business for more than 11 years prior to completing their program term. The 8(a) program success rate of 54 percent is much greater than the rate obtained by all businesses.

TABLE III

Status of 8(a) Participants That Completed Their Program Term (October 1, 1997 through September 30, 1998)

Status of Exited Participants	FY1996	FY1997	FY1998	Totals
Terminated From Program	122	321	255	698
Voluntarily Withdrew From Program	101	119	124	344
Graduated (Participated Less Than 9 Years)	0	0	1	1
Totals	223	440	380	1043

Status of Participants Completing Term	FY1996	FY1997	FY1998	Totals	Percent
Completed 9 Year Program Term	234	224	758	1216	
Independently Operational	77	91	493	661	54.4%
Substantially Curtailed Operations	5	6	8	19	1.6%
Ceased Business Operations	75	50	62	187	15.4%
Acquired by Other Firm	12	10	5	27	2.2%
Non-Responsive to Survey	65	67	190	322	26.5%
Totals	234	224	758	1216	100.0%

IV. COMPILATION OF PROGRAM PARTICIPANTS DURING FISCAL YEAR 1998

15 U.S.C. 636(j) (16) (B) (iv)

... The Administrator shall submit a report to the Congress on the Program that shall include the following:

A listing of all participants in the Program during the preceding fiscal year identifying, by State and by Region, for each firm: the name of the concern, the race or ethnicity, and gender of the disadvantaged owners, the dollar value of all contracts received in the preceding year, the dollar amount of advance payments received by each concern pursuant to contracts awarded under section 637(a) of this title, and a description including (if appropriate) an estimate of the dollar value of all benefits received pursuant to paragraphs (13) and (14) and section 7(a) (20) during such year.

The ethnic heritage of the owners of the 6,078 firms participating in the 8(a) program during fiscal year 1998 is as follows: Black American - 2,631 (43.3 percent); Hispanic American - 1,519 (25.0 percent); Asian Pacific American - 803 (13.2 percent); Subcontinent Asian American - 608 (10.0 percent); Native American - 443 (7.3 percent); Native Hawaiian American - 29 (0.5 percent); Caucasian American - 19 (0.3 percent) and Other American - 26 (0.4 percent). Men own 81.0 percent of the firms and 19.0 percent are owned by women. (See Tables IV, V, VI, and VII, and Appendix C.)

Table VII provides ethnic totals of firms participating in the 8(a) program by state and region during fiscal year 1998. States with the largest number of 8(a) certified firms are Maryland (713), Virginia (689), California (650), Texas (462), and Georgia (242).

Active 8(a) program participants were awarded 8(a) contracts and modifications with a total estimated value of \$5.1 billion, and received approximately \$14.7 million in 7(a) loans in fiscal year 1998. Advance payments have not been authorized since October 1, 1992. No advance payments were made in fiscal year 1998.

TABLE IV**Ethnic Heritage of 8(a) Participants**

(October 1, 1997 through September 30, 19998)

Ethnicity	Gender	Number of Participants	Percent of Total
Asian Pacific Americans	Male	633	10.40%
	Female	170	2.80%
Total		803	13.20%
Black Americans	Male	2076	34.20%
	Female	555	9.10%
Total		2631	43.30%
Caucasian Americans	Male	11	0.20%
	Female	8	0.10%
Total		19	0.30%
Hispanic Americans	Male	1270	20.90%
	Female	249	4.10%
Total		1519	25.00%
Native Americans	Male	357	5.90%
	Female	86	1.40%
Total		443	7.30%
Native Hawaiian Americans	Male	22	0.40%
	Female	7	0.10%
Total		29	0.50%
Other Americans	Male	20	0.30%
	Female	6	0.10%
Total		26	0.40%
Subcontinent Asian Americans	Male	534	8.80%
	Female	74	1.20%
Total		608	10.00%
Total All Participants		6078	100%

TABLE V**Gender of 8(a) Participants**

(October 1, 1997 through September 30, 19998)

Businesses Owned by Males	4923	81.0%
Businesses Owned by Females	1155	19.0%
Total Businesses	6078	100.0%

TABLE VI

Contract Activity for Fiscal Year 1998 by Ethnicity and Gender

(October 1, 1997 through September 30, 1998)

Ethnicity	Gender	Total # of Participants	Total # of Contract Actions	Total \$ Value of Contract Actions
Asian Pacific American	Male	633	2,759	\$648,920,761.19
Asian Pacific American	Female	170	660	\$309,954,466.19
Black American	Male	2,076	7,042	\$1,345,752,111.96
Black American	Female	555	1,726	\$283,523,869.73
Caucasian American	Male	11	17	\$4,303,117.82
Caucasian American	Female	8	15	\$3,717,319.93
Hispanic American	Male	1,270	8,151	\$1,086,541,971.17
Hispanic American	Female	249	1,232	\$261,483,787.21
Native American	Male	357	2,529	\$610,472,510.02
Native American	Female	86	449	\$80,552,258.14
Native Hawaiian	Male	22	85	\$17,653,782.59
Native Hawaiian	Female	7	67	\$4,706,120.15
Other Americans	Male	20	12	\$1,076,320.81
Other Americans	Female	6	0	0.00
Subcontinent Asian American	Male	534	2,014	\$460,309,871.13
Subcontinent Asian American	Female	74	203	\$41,003,302.14
National Totals		6,078	26,961	\$5,159,971,570.18

TABLE VII
Ethnicity and Gender of Participants by Region and State
(October 1, 1997 through September 30, 1998)

Region / State	Asian Pacific		Black		Caucasian		Hispanic		Native		Native Hawaiian		Other		Subcontinent Asian		Grand Totals
	Americans		Americans		Americans		Americans		Americans		Americans		Americans		Americans		
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	
Region I																	
Connecticut	0	0	14	3	0	0	6	0	0	0	0	0	0	0	4	0	27
Maine	0	0	0	0	0	0	1	0	3	0	0	0	0	0	0	0	4
Massachusetts	10	4	13	4	1	0	8	1	2	0	0	0	0	0	17	0	60
New Hampshire	0	1	0	0	0	0	2	2	1	0	0	0	0	0	1	0	7
Rhode Island	1	0	3	1	0	0	1	0	1	0	0	0	1	0	0	0	8
Vermont	0	0	0	0	0	0	0	0	1	1	0	0	0	0	0	0	2
Region I Totals	11	5	30	8	1	0	18	3	8	1	0	0	1	0	22	0	108
Region II																	
New Jersey	15	8	44	12	0	1	34	6	1	0	0	0	0	0	45	2	168
New York	24	6	74	28	0	1	35	3	2	0	0	0	0	0	25	1	199
Puerto Rico	0	0	2	0	0	0	68	4	0	0	0	0	0	0	0	0	74
Virgin Islands	0	0	6	1	0	0	0	0	0	0	0	0	0	0	0	0	7
Region II Totals	39	14	126	41	0	2	137	13	3	0	0	0	0	0	70	3	448
Region III																	
Delaware	0	0	8	1	0	0	0	0	0	0	0	0	0	0	2	0	11
District of Columbia	9	3	112	40	1	0	17	10	1	0	0	0	0	0	6	2	201
Maryland	116	17	283	108	2	0	73	17	8	4	2	1	1	2	68	11	713
Pennsylvania	19	3	52	13	1	0	12	2	0	2	0	0	0	0	30	3	137
Virginia	110	34	207	54	0	0	115	32	17	11	2	0	3	2	88	14	689
West Virginia	1	1	9	0	0	0	5	0	2	0	0	0	0	0	2	1	21
Region III Totals	255	58	671	216	4	0	222	61	28	17	4	1	4	4	196	31	1772
Region IV																	
Alabama	9	3	43	10	0	1	8	1	9	3	0	0	0	0	11	3	101
Florida	18	2	80	12	1	0	85	13	12	1	0	0	3	0	9	1	237
Georgia	9	3	145	42	0	0	10	6	6	1	0	0	5	1	14	0	242
Kentucky	3	1	10	0	0	0	3	1	0	0	0	0	0	0	3	1	22
Mississippi	0	0	36	4	0	0	2	3	0	0	0	0	0	0	1	0	46
North Carolina	1	1	36	14	0	0	6	0	10	0	0	0	0	0	12	0	80
South Carolina	1	0	32	10	0	0	3	1	0	0	0	0	0	0	0	0	47
Tennessee	3	1	50	7	0	1	5	2	3	1	0	0	0	0	2	0	75
Region IV Totals	44	11	432	99	1	2	122	27	40	6	0	0	8	1	52	5	850

TABLE VII

Ethnicity and Gender of Participants by Region and State (October 1, 1997 through September 30, 1998)

Region / State	Asian Pacific		Black		Caucasian		Hispanic		Native		Native Hawaiian		Other		Subcontinent Asian		Grand Totals
	Americans		Americans		Americans		Americans		Americans		Americans		Americans		Americans		
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	
Region V																	
Illinois	22	5	59	32	0	1	20	15	2	0	0	0	0	0	17	3	176
Indiana	4	0	22	3	0	0	5	1	1	1	0	0	0	0	2	1	40
Michigan	4	0	37	8	0	0	8	0	4	0	0	0	0	0	11	0	72
Minnesota	8	1	10	0	0	0	1	0	7	1	0	0	0	0	8	3	39
Ohio	10	6	112	24	0	0	15	2	5	1	0	0	1	0	28	4	208
Wisconsin	1	2	16	4	0	0	3	3	4	1	0	0	0	0	10	0	44
Region V Totals	49	14	256	71	0	1	52	21	23	4	0	0	1	0	76	11	579
Region VI																	
Arkansas	0	1	29	7	0	0	2	0	8	2	0	0	0	0	0	0	49
Louisiana	3	0	51	10	0	0	10	1	4	1	0	0	1	0	6	2	89
New Mexico	3	4	2	0	0	0	93	16	18	2	0	0	1	0	2	0	141
Oklahoma	3	0	18	4	0	0	3	1	38	17	0	0	1	0	1	0	86
Texas	22	3	107	20	0	0	213	38	15	6	0	3	2	0	25	8	462
Region VI Totals	31	8	207	41	0	0	321	56	83	28	0	3	5	0	34	10	827
Region VII																	
Iowa	0	0	5	1	0	0	0	0	2	0	0	0	0	0	1	0	9
Kansas	2	3	27	2	1	0	9	2	6	0	0	1	0	0	5	1	59
Missouri	4	0	53	24	0	0	7	1	7	2	0	0	0	0	8	1	107
Nebraska	1	0	12	1	0	0	0	0	2	0	0	0	0	0	0	0	16
Region VII Totals	7	3	97	28	1	0	16	3	17	2	0	1	0	0	14	2	191
Region VIII																	
Colorado	12	5	33	11	0	0	82	11	15	2	1	0	0	1	5	2	180
Montana	0	0	1	0	0	0	2	0	12	5	0	0	1	0	0	1	22
North Dakota	0	0	0	0	0	0	0	0	14	0	0	0	0	0	0	0	14
South Dakota	1	0	1	0	0	0	5	0	8	0	0	0	0	0	0	0	15
Utah	6	1	3	0	0	1	11	5	0	2	2	1	0	0	0	0	32
Wyoming	0	0	0	0	0	0	3	0	3	1	0	0	0	0	0	0	7
Region VIII Totals	19	6	38	11	0	1	103	16	52	10	3	1	1	1	5	3	270

TABLE VII

Ethnicity and Gender of Participants by Region and State (October 1, 1997 through September 30, 1998)

Region / State	Asian Pacific		Black		Caucasian		Hispanic		Native		Native Hawaiian		Other		Subcontinent Asian		Grand Totals
	Americans		Americans		Americans		Americans		Americans		Americans		Americans		Americans		
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	
Region IX																	
Arizona	1	0	10	1	0	0	26	9	5	2	1	0	0	0	2	2	59
California	114	39	161	31	3	1	182	31	20	6	2	0	0	0	55	5	650
Guam	2	1	0	0	0	0	0	0	0	0	0	0	0	0	1	0	4
Hawaii	31	3	2	0	0	0	5	0	0	0	11	0	0	0	0	1	53
Nevada	1	1	9	2	0	0	11	1	4	1	0	1	0	0	1	0	32
Region IX Totals	149	44	182	34	3	1	224	41	29	9	14	1	0	0	59	8	798
Region X																	
Alaska	6	1	6	1	1	1	3	2	52	4	0	0	0	0	1	0	78
Idaho	3	1	2	0	0	0	9	2	1	1	0	0	0	0	1	0	20
Oregon	6	3	5	1	0	0	24	3	6	2	0	0	0	0	2	1	53
Washington	14	2	24	4	0	0	19	1	15	2	1	0	0	0	2	0	84
Region X Totals	29	7	37	6	1	1	55	8	74	9	1	0	0	0	6	1	235
National Totals	633	170	2076	555	11	8	1270	249	357	86	22	7	20	6	534	74	6078

V. TOTAL VALUE OF CONTRACTS AND OPTIONS AWARDED DURING FISCAL YEAR 1998

15 U.S.C. 636(j)(16)(B)(v)

... The Administrator shall submit a report to the Congress on the Program that shall include the following:

The total dollar value of contracts and options awarded during the preceding fiscal year pursuant to section 637(a) of this title and such amount expressed as a percentage of total sales of (I) all firms participating in the Program during such year, and (II) of firms in each of the nine years of program participation.

In fiscal year 1998, firms reported total revenue of \$14.2 billion. The total estimated value of contracts and modifications awarded to active firms in fiscal year 1998 was \$5.1 billion. Active participants derived 35.1 percent of their total revenue from 8(a) contracts. It should be noted that the full contract or modification estimated award amounts might not be received during the fiscal year in which they are awarded. Also, the total estimated amount might not be achieved at all. Therefore, the firms' revenue figures may not reflect the total contract and modification award amounts. (See Table VIII for contract and modification dollars expressed as a percentage of firms' total revenue in each of the nine years of program participation.)

Table VIII

Contract and Modification Dollars Expressed as a Percentage of Firms' Total Revenue In Each of the Nine Years of Program Participation

Program Year	Number of Firms	Number of Employees	Revenue Non-8(a)	Revenue 8(a)	8(a) as Percent of Total Revenue
1	564	7,990	\$ 21,485,253	\$ 570,001,773	3.63%
2	532	7,434	\$ 133,514,908	\$ 529,042,364	20.15%
3	568	10,393	\$ 261,116,130	\$ 710,415,142	26.88%
4	839	16,152	\$ 419,351,356	\$ 1,098,554,647	27.63%
5	980	24,267	\$ 699,158,104	\$ 1,475,251,549	32.15%
6	493	16,584	\$ 494,387,233	\$ 799,238,195	38.22%
7	494	20,585	\$ 774,634,550	\$ 1,089,507,384	41.55%
8	402	22,428	\$ 800,128,315	\$ 875,255,871	47.76%
9	1,206	55,089	\$ 1,404,943,712	\$ 2,078,343,778	40.33%
Totals	6078	180,922	\$ 5,008,719,561	\$ 9,225,610,702	35.18%

VI. REQUIRED RESOURCES AND PROGRAM AUTHORITIES

15 U.S.C. 636(j)(16)(B)(vi)4

The Administrator shall submit a report to the Congress on the Program that shall include the following:

A description of such additional resources or program authorities as may be required to provide the types of services needed over the next two-year period to service the expected portfolio of firms certified pursuant to section 637(a) of this title.

At this time, no additional resources or program authorities are being requested.

VII. VALUE OF CONTRACTS AND MODIFICATIONS BY SIC CODE

15 U.S.C. 636(j)(16)(B)(vii)

... The Administrator shall submit a report to the Congress on the Program that shall include the following:

The total dollar value of contracts and options awarded pursuant to section 637 (a) of this title, at such dollar increments as the Administrator deems appropriate, for each four digit standard industrial classification code under which such contracts and options were classified.

The total dollar value of contracts and modifications awarded under the 8(a) Program during fiscal year 1998 was approximately \$6.0 billion. There were 31,430 total contract and modification actions for an average of \$190,688 per action. The United States Government contracted with 8(a) firms for goods and services in 291 different four-digit Standard Industrial Classification (SIC) Codes. Major areas of contract activity by contract and modification dollars were Design/Development Test Services (SIC Code 8711), General Contractors (SIC code 1542), Management Consulting Services (SIC code 8742), Computer Integrated System Design (SIC code 7373), and Computer Programming Services (SIC code 7371). (See Table IX)

TABLE IX
Industries Receiving Largest Dollar Amounts of 8(a) Contract Support
(October 1, 1997 through September 30, 1998)

SIC Code	SIC Code Description	Number of Actions	\$ Value of Actions
8711	Design Development Test Services	2978	\$ 737,229,840.
1542	General Contractors Non-Residential Buildings	2574	\$ 389,502,995.
8742	Management Consulting Service	879	\$ 325,642,220.
7373	Computer Integrated Systems Design	894	\$ 292,890,430.
7371	Computer Programming Services (NEC)	1662	\$ 273,791,691.
7379	Computer Related Services, Not Elsewhere Classified (NEC)	1543	\$ 398,367,144.
1541	General Contractors Industrial Buildings	1551	\$ 218,472,301.
8744	Environmental Remediation Services	849	\$ 217,602,022.
7349	Building Cleaning & Maintenance Services (NEC)	1595	\$ 211,548,227.
7374	Computer Processing	418	\$ 159,690,319.
8741	Management Services	532	\$ 151,005,163.
8731	Health Management Follow on Studies	506	\$ 147,182,601.

